CITY OF DALWORTHINGTON GARDENS, TEXAS

2025 ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2025

2600 ROOSEVELT DRIVE | DALWORTHINGTON GARDENS, TX 76016
WWW.CITYOFDWG.NET | 817.275.1234

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ANNUAL FINANCIAL REPORT

of the

City of Dalworthington Gardens, Texas

For the Year Ended
September 30, 2025

Issued By
Finance Department

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City of Dalworthington Gardens, Texas

ANNUAL FINANCIAL REPORT

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CITY OF DALWORTHINGTON GARDENS, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2025

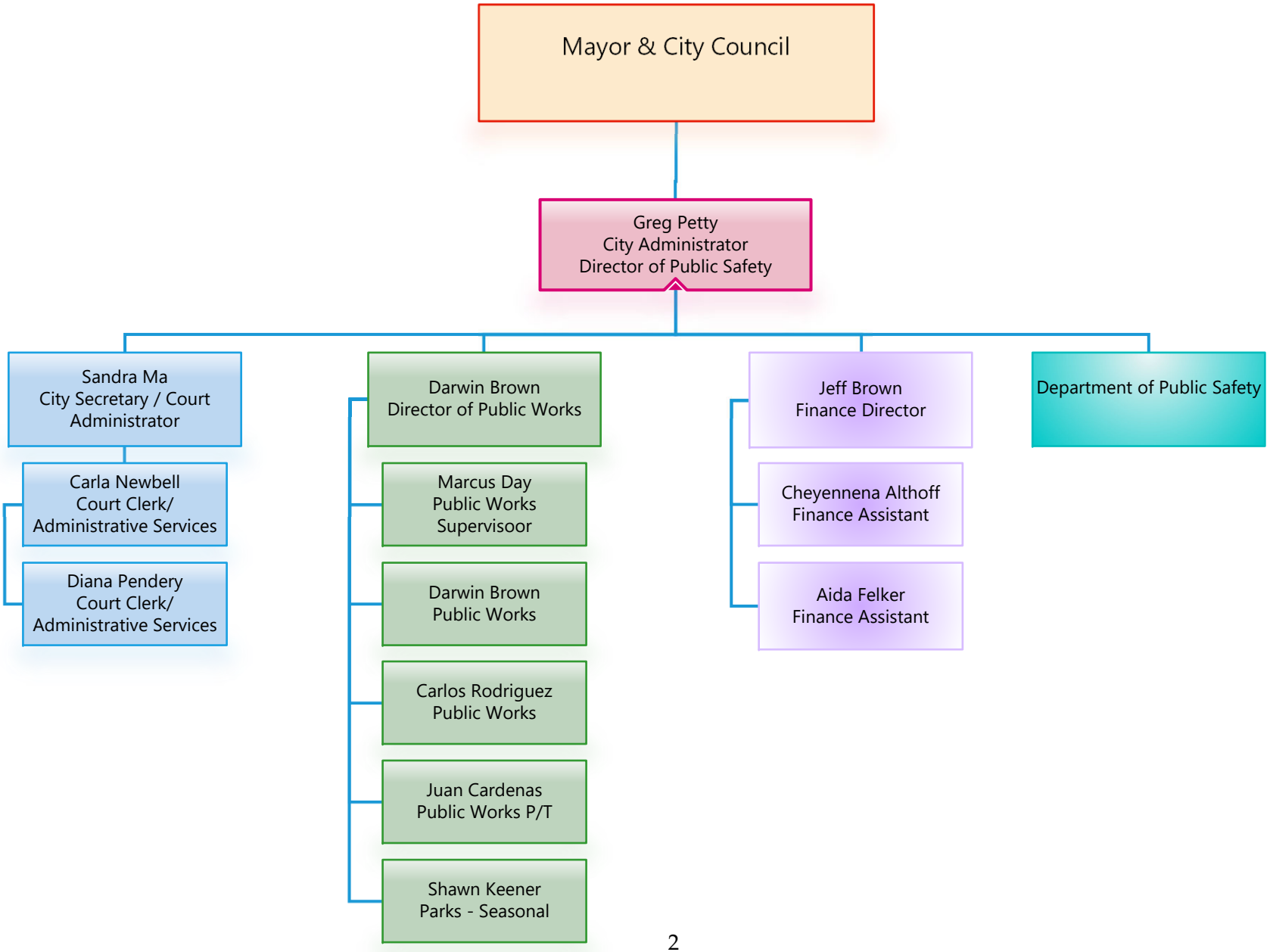
GOVERNING BODY
Elected Officials

Mayor	Laurie Bianco
Alderman Place 1	John King
Alderman Place 2	Steve Lafferty
Alderman Place 3	Cathy Stein
Alderman Place 4/Mayor Pro-Tem	Ed Motley
Alderman Place 5	Paul Sweitzer

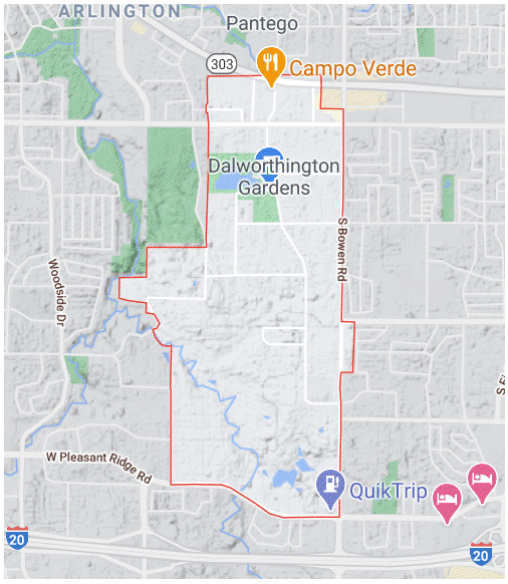
ADMINISTRATION
City Officials

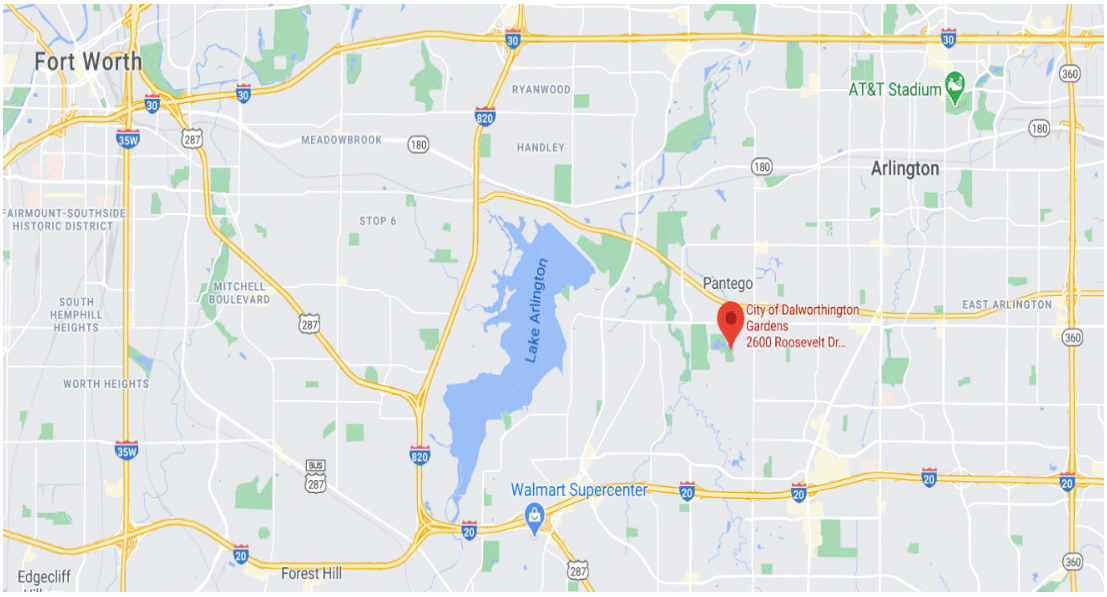
City Administrator/Director of Public Safety	Greg Petty
Director of Finance	Jeff Brown
City Secretary/Court Administrator	Sandra Ma

City of Dalworthington Gardens



CITY OF DALWORTHINGTON GARDENS
CITY MAPS





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BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Dalworthington Gardens, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Dalworthington Gardens, Texas (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dalworthington Gardens, Texas, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Dalworthington Gardens, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note V.E. to the financial statements, during the year ended September 30, 2025, due to implementation of new accounting standard GASB 101, *Compensated Absences*, the City restated beginning net position for governmental activities, business-type activities, and water, sewer & sanitation fund. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and general fund and park and recreation facilities development corporation fund budgetary comparisons information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparisons are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
May 14, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Dalworthington Gardens, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

As management of the City of Dalworthington Gardens, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

Financial Highlights

- The City's total combined net position was $9,801,625 at September 30, 2025. Of this there is an unrestricted net position balance of $1,993,705.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $5,500,128, a decrease of $567,679.
- As of the end of the year, the unassigned fund balance of the general fund was $2,421,670, or 65% of total general fund expenditures.
- The City had an overall increase in net position of $464,451.
- The City closed the year with a net pension liability of $2,426,735.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and park and recreation. The business-type activities of the City include water, sewer, and sanitation operations.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, park and recreation facilities development corporation fund, capital projects fund, debt service fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

Proprietary Funds

The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection, water construction operations and sanitation services. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI) and Other Supplementary Information (OSI). The required RSI includes a budgetary comparison schedule for the general fund, the park and recreation facilities development corporation fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System, and the OPEB liability schedules. The OSI includes a budgetary comparison schedule for the debt service fund, capital fund, all individual nonmajor governmental funds, proprietary fund and a proprietary schedule of services and rtes. The RSI and OSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflow of resources exceeded its liabilities and deferred inflows by $9,801,625 as of September 30, 2025, in the primary government.

The largest portion of the City's net position, $5,955,829, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 6,152,594	$ 1,308,391	$ 7,460,985	$ 6,423,766	$ 1,017,414	$ 7,441,180
Capital assets, net	8,889,810	1,891,102	10,780,912	8,123,415	2,054,825	10,178,240
Total Assets	15,042,404	3,199,493	18,241,897	14,547,181	3,072,239	17,619,420
Deferred Outflows	421,567	74,395	495,962	691,929	122,106	814,035
Other liabilities	803,486	388,786	1,192,272	396,074	307,009	703,083
Long-term liab.	7,215,421	378,952	7,594,373	7,720,808	513,836	8,234,644
Total Liabilities	8,018,907	767,738	8,786,645	8,116,882	820,845	8,937,727
Deferred Inflows	127,148	22,441	149,589	47,860	8,447	56,307
Net Position:						
Net investment in capital assets	4,064,727	1,891,102	5,955,829	3,524,986	1,964,433	5,489,419
Restricted	1,852,091	-	1,852,091	1,995,158	-	1,995,158
Unrestricted	1,401,098	592,607	1,993,705	1,554,224	400,620	1,954,844
Total Net Position	$ 7,317,916	$ 2,483,709	$ 9,801,625	$ 7,074,368	$ 2,365,053	$ 9,439,421

Current and other assets for business-type activities increased by $290,977, or 29%, primarily due to greater cash on hand resulting from operating surpluses during the year. Capital assets for governmental activities increased by $766,395, or 9%, primarily due to the DPS complex infrastructure improvements in the current year. Capital assets for business-type activities decreased by $163,723, or 8%, primarily due to current year depreciation outweighing new capital investments in the current year. Other liabilities for the primary government increased by $489,189, or 70%, due to nonrecurring outstanding payables for capital improvements and timing of repayments subsequent to yearend. In addition, compensated absences liability increased as a result of implementing new accounting standard - GASB 101. Total long-term liabilities of the primary government decreased by $640,271, or 8%, due to scheduled principal payments made and a decline in the City's net pension liability during the year. Total deferred outflows of the primary government decreased and total deferred inflows of the primary government increased by $318,073 and $93,282, respectively. These changes are strictly due to actuarial changes in the City's pension inputs over the course of the year.

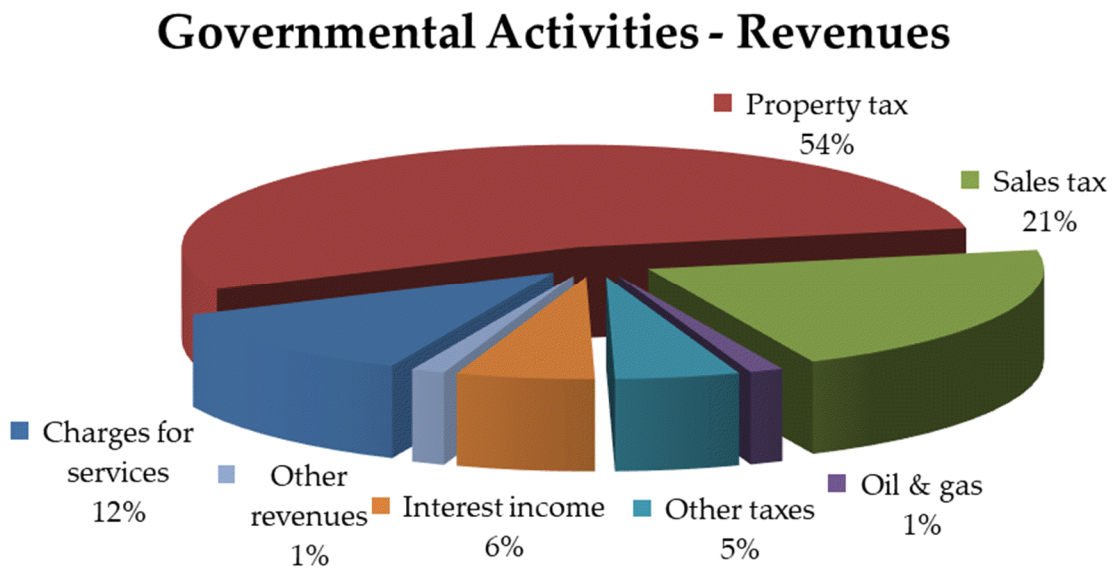
Statement of Activities:

The following table provides a summary of the City's changes in net position:

	For the Year ended September 30, 2025			For the Year ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Primary Government	Governmental Activities	Business-Type Activities	Primary Government
Revenues						
Program revenues:						
Charges for services	$ 603,975	$ 2,539,961	$ 3,143,936	$ 569,716	$ 2,444,363	$ 3,014,079
Grants and capital cont.	21,245	-	21,245	191,147	28,800	219,947
General revenues:						
Property tax	2,770,440	-	2,770,440	2,635,467	-	2,635,467
Sales tax	1,089,382	-	1,089,382	1,026,140	-	1,026,140
Other taxes	261,654	-	261,654	272,611	-	272,611
O&G revenue	70,749	-	70,749	42,355	-	42,355
Interest income	290,587	24,121	314,708	339,374	10,264	349,638
Sale of capital assets	14,984	-	14,984	17,268	-	17,268
Other revenues	55,814	-	55,814	85,804	-	85,804
Total Revenues	5,178,830	2,564,082	7,742,912	5,179,882	2,483,427	7,663,309
Expenses						
General	525,463	-	525,463	432,529	-	432,529
Public safety	3,421,000	-	3,421,000	3,170,049	-	3,170,049
Public works	627,536	-	627,536	675,791	-	675,791
Parks and recreation	162,063	-	162,063	128,731	-	128,731
Interest	170,183	3,069	173,252	179,173	4,260	183,433
Utilities	-	2,369,147	2,369,147	-	2,411,704	2,411,704
Total Expenses	4,906,245	2,372,216	7,278,461	4,586,273	2,415,964	7,002,237
Change in Net Position Before Transfers	272,585	191,866	464,451	593,609	67,463	661,072
Transfers, net	66,000	(66,000)	-	66,000	(66,000)	-
Total	66,000	(66,000)	-	66,000	(66,000)	-
Change in Net Position	338,585	125,866	464,451	659,609	1,463	661,072
Beg. Net Position, as restated *	6,979,331	* 2,357,843	* 9,337,174	6,414,759	2,363,590	8,778,349
Ending Net Position	$ 7,317,916	$ 2,483,709	$ 9,801,625	$ 7,074,368	$ 2,365,053	$ 9,439,421

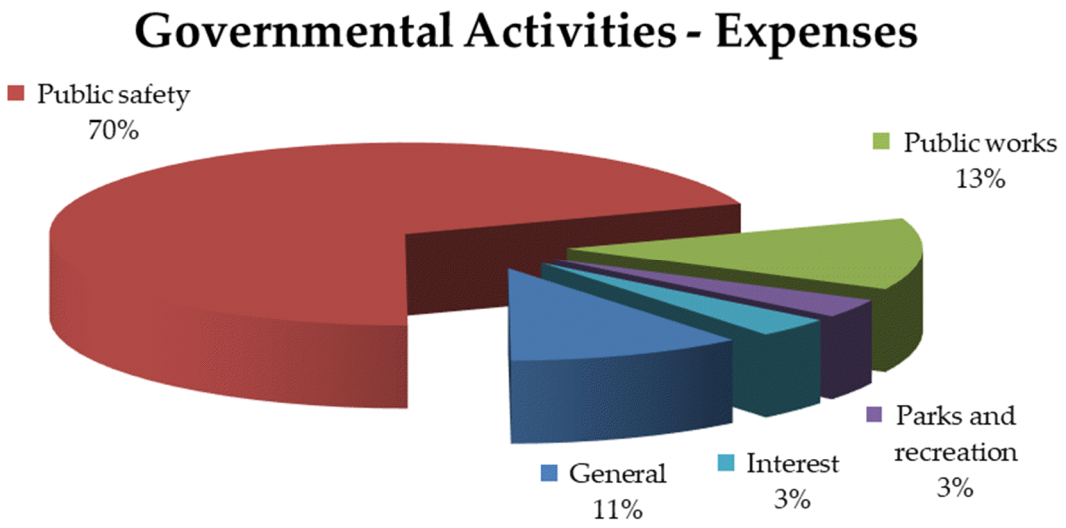
* Includes restatement for New Acct. Standard GASB 101

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



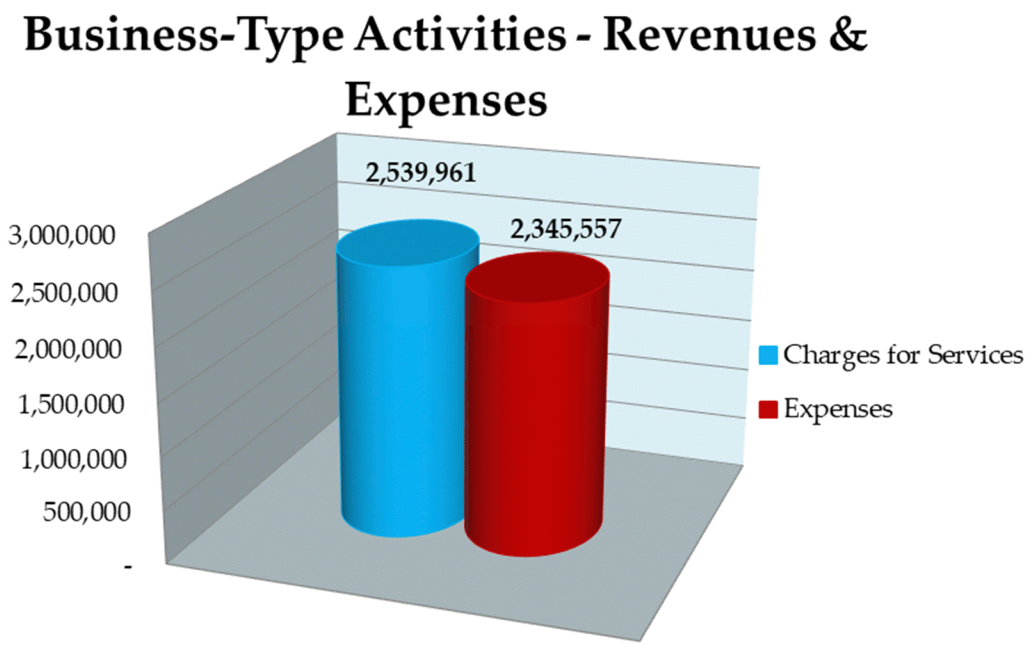
For the year ended September 30, 2025, revenues from governmental activities totaled $5,178,830. Property tax, sales tax, and charges for services are the City's largest recurring revenue sources. Charges for services increased by $34,259, or 6%, primarily due to public safety related citations issued in the current year. Grants and contributions decreased by $169,902, or 89%, due to nonrecurring Tarrant County grants received in the prior year. Property taxes increased by $134,973, or 5%, primarily due to increased rates and greater appraised values in the current year. Sales tax revenue increased by $63,242, or 6%, primarily as a result of continued growth in local purchases. Oil & gas revenue increased by $28,394, or 67%, due to greater oil and gas production and overall prices over the course of the year. Investment income decreased by $48,787, or 14%, primarily due to a decrease in interest-bearing accounts and market interest rates during the year. Other revenues decreased by $29,990, or 35%, primarily due to nonrecurring fire recovery reimbursements and building inspections in the prior year. All other revenues remained consistent compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2025, expenses for governmental activities totaled $4,906,245. This represents an increase of $319,972, or 7%, from the prior year. The City's largest functional expense is public safety of $3,421,000, which increased by $250,951, or 8%, over the prior year. This increase was primarily due to greater depreciation, nonrecurring employee benefit costs, and greater personnel costs related to wage increases and new hires in the current year. General expenditures increased by $92,934, or 21%, primarily due to greater material and supplies, contractual costs, and consultant fees in the current year. Public works expenditures decreased by $48,255, or 7%, primarily due to a decrease in contractual inspection services in the current year. Parks and recreation expenditures increased by $33,332, or 26%, primarily due to greater personnel costs related to wage increases and maintenance costs in the current year. All other expenses remained consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2025, charges for services by business-type activities totaled $2,539,961. This is an increase of $95,598, or 4%, from the previous year, which is considered consistent. Grants and capital contributions decreased by $28,800, or 100%, due to nonrecurring capital grants received from Tarrant County in the prior year. Interest income increased by $13,857, or over 100%, primarily due to an increase in interest-bearing accounts during the year.

Total expenses decreased by $43,748, or 2%, from the previous year, which is relatively consistent with prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the year the general fund reflected a total fund balance of $2,559,263. Of this, $45,781 is considered nonspendable, $87,541 is committed, $4,271 is restricted, and $2,421,670 is unassigned, which is 65% of total expenditures for the year. The general fund decreased by $703,456, or 22%, primarily due to expenditures and other financing uses exceeding revenues and other financing sources in the current year.

The park and recreation facilities development corporation fund (PRFDC) had an ending fund balance of $778,761, an increase of $46,723 from the prior year. The increase was a result of current year revenues exceeding expenditures in the current year.

The debt service fund reflected a total fund balance of $73,778, at yearend, an increase of $13,716. Total principal and interest payments made during the year were $185,000 and $177,894, respectively.

The capital projects fund had an ending fund balance of $1,491,165, an increase of $39,956 from the prior year. This increase is primarily due to revenues and other financing sources exceeding capital expenditures and other financing uses in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of the end of the year, the proprietary fund reflected a total net position of $2,483,709. Unrestricted net position increased by $191,987 from prior year and net investment in capital assets decreased by $73,331, primarily due to depreciation of assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget included amendments to the original budget to increase revenue by $18,527, increase expenditures by $107,514, and a decrease in other financing sources (uses) by $1,166,580. The most significant revenue variance was for municipal court revenues. The most significant expenditure variances were for police and fire expenditures. The most significant other financing sources (uses) variance was for transfers (out). Two general fund departments exceeding appropriations at the legal level of control.

There was a total final actual versus budget positive revenue variance of $137,801 and an expenditure positive variance of $321,594 for the year. The total final budget variance was a positive $457,773.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $8,889,810 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested $1,891,102 in a variety of capital assets and infrastructure, net of accumulated depreciation.

The City's capital asset events during the current year include the following:

- (8) Bunker Gears totaling $19,650.
- (5) Tahoe police unit's accessories totaling $31,791.
- Purchased (2) Tahoe police units totaling $121,850.
- Entered into new Canon copier lease for the DPS building totaling $13,414.
- Continued renovation of the DPS Complex project, which began in FY 2021-2022, totaling $1,161,043.
- Completion of the Roosevelt Middle Foot Bridge totaling $41,990.
- Completion of the Roosevelt South Foot Bridge totaling $26,200.
- Purchased 2024 Chevrolet Silverado vehicle for utility department totaling $69,048.

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds, notes, and leases outstanding of $4,794,227. During the year, the City's payments on long-term debt were $345,314. More detailed information about the City's long-term liabilities is presented in note IV.F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Dalworthington Gardens and improving services provided to their public citizens. The City no longer depends on an infinite resource of Oil & Gas well royalties to fund maintenance & operation costs. This resource has been committed to increase operating reserves, one-time large capital purchases and to pay off debt.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Dalworthington Gardens' finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Administrator, 2600 Roosevelt Drive, Dalworthington Gardens, Texas 76016.

FINANCIAL STATEMENTS

City of Dalworthington Gardens, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 4,378,079	$ 999,574	$ 5,377,653
Restricted cash	1,428,983	-	1,428,983
Receivables, net	291,964	277,707	569,671
Prepaids	53,568	31,110	84,678
Total Current Assets	6,152,594	1,308,391	7,460,985
Capital assets:			
Non-depreciable	1,564,613	109,201	1,673,814
Net depreciable capital assets	7,325,197	1,781,901	9,107,098
Total Noncurrent Assets	8,889,810	1,891,102	10,780,912
Total Assets	15,042,404	3,199,493	18,241,897
Deferred Outflows of Resources			
Pension	420,066	74,130	494,196
OPEB	1,501	265	1,766
Total Deferred Outflows of Resources	421,567	74,395	495,962

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 527,398	$ 285,534	$ 812,932
Unearned revenue	57,544	-	57,544
Accrued interest payable	35,184	1,955	37,139
Customer deposits	-	87,387	87,387
Long-term debt due within one year	266,763	-	266,763
Compensated absences, current	183,360	13,910	197,270
Total Current Liabilities	1,070,249	388,786	1,459,035
Noncurrent liabilities:			
Long-term debt due in more than a year	4,792,574	-	4,792,574
Net pension liability	2,062,725	364,010	2,426,735
OPEB liability	72,985	12,880	85,865
Compensated absences, noncurrent	20,374	2,062	22,436
Total Noncurrent Liabilities	6,948,658	378,952	7,327,610
Total Liabilities	8,018,907	767,738	8,786,645
Deferred Inflows of Resources			
Pension	112,344	19,828	132,172
OPEB	14,804	2,613	17,417
Total Deferred Inflows of Resources	127,148	22,441	149,589
Net Position			
Net investment in capital assets	4,064,727	1,891,102	5,955,829
Restricted for parks and recreation	776,502	-	776,502
Restricted for opioid abatement	4,271	-	4,271
Restricted for court building & security	85,500	-	85,500
Restricted for court automation	77,579	-	77,579
Restricted for law enforcement	118,220	-	118,220
Restricted for street repairs	310,334	-	310,334
Restricted for debt service	73,778	-	73,778
Restricted for capital improvements	405,907	-	405,907
Unrestricted	1,401,098	592,607	1,993,705
Total Net Position	$ 7,317,916	$ 2,483,709	$ 9,801,625

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	$ 525,463	$ -	$ -
Public safety	3,421,000	603,975	21,245
Public works	627,536	-	-
Parks and recreation	162,063	-	-
Interest and fiscal charges	170,183	-	-
Total Governmental Activities	4,906,245	603,975	21,245
Business-Type Activities			
Water, sewer, & sanitation	2,372,216	2,539,961	-
Total Business-Type Activities	2,372,216	2,539,961	-
Total Primary Government	$ 7,278,461	$ 3,143,936	$ 21,245

General Revenues:	
Taxes	
Property tax	
Sales tax	
Franchise and local taxes	
Oil and gas mineral rights	
Interest income	
Gain on sale of capital assets	
Other revenues	
Transfers:	
Total General Revenues and Transfers	
Change in Net Position	
Beginning Net Position, as previously stated	
New Accounting Standard - GASB 101	
Beginning Net Position, as restated	
Ending Net Position	

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (525,463)	$ -	$ (525,463)
(2,795,780)	-	(2,795,780)
(627,536)	-	(627,536)
(162,063)	-	(162,063)
(170,183)	-	(170,183)
(4,281,025)	-	(4,281,025)
-	167,745	167,745
-	167,745	167,745
(4,281,025)	167,745	(4,113,280)
2,770,440	-	2,770,440
1,089,382	-	1,089,382
261,654	-	261,654
70,749	-	70,749
290,587	24,121	314,708
14,984	-	14,984
55,814	-	55,814
66,000	(66,000)	-
4,619,610	(41,879)	4,577,731
338,585	125,866	464,451
7,074,368	2,365,053	9,439,421
(95,037)	(7,210)	(102,247)
6,979,331	2,357,843	9,337,174
$ 7,317,916	$ 2,483,709	$ 9,801,625

City of Dalworthington Gardens, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General	Park and Recreation Facilities Development Corp.	Capital Projects	Debt Service
Assets				
Cash and cash equivalents	$ 2,533,662	$ 759,159	$ 1,085,258	$ -
Restricted cash	117,294	-	707,331	75,412
Receivables, net	189,435	23,215	-	9,925
Prepaid items	45,781	2,259	-	-
Due from other funds	33,397	-	-	-
Total Assets	$ 2,919,569	$ 784,633	$ 1,792,589	$ 85,337
Liabilities				
Accounts payable and accrued liabilities	$ 211,900	$ 5,872	$ 301,424	$ 1,500
Unearned revenue	57,544	-	-	-
Due to other funds	33,397	-	-	-
Total Liabilities	302,841	5,872	301,424	1,500
Deferred Inflows of Resources				
Unavailable revenue - Property taxes	57,465	-	-	10,059
Total Deferred Inflows	57,465	-	-	10,059
Fund Balances				
Nonspendable:				
Prepaid items	45,781	2,259	-	-
Restricted for:				
Parks and recreation	-	776,502	-	-
Special revenue	-	-	-	-
Debt service	-	-	-	73,778
Capital improvements	-	-	405,907	-
Opioid abatement trust	4,271	-	-	-
Committed for:				
Fire Truck	56,427	-	-	-
Radios	31,114	-	-	-
DPS complex	-	-	1,085,258	-
Unassigned	2,421,670	-	-	-
Total Fund Balances	2,559,263	778,761	1,491,165	73,778
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,919,569	$ 784,633	$ 1,792,589	$ 85,337

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 4,378,079
528,946	1,428,983
69,389	291,964
5,528	53,568
-	33,397
$ 603,863	$ 6,185,991
$ 6,702	$ 527,398
-	57,544
-	33,397
6,702	618,339
-	67,524
-	67,524
5,528	53,568
-	776,502
591,633	591,633
-	73,778
-	405,907
-	4,271
-	56,427
-	31,114
-	1,085,258
-	2,421,670
597,161	5,500,128
$ 603,863	$ 6,185,991

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City of Dalworthington Gardens, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2025

Fund Balances - Total Governmental Funds	$	5,500,128
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		1,564,613
Capital assets - net depreciable		7,325,197
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		67,524
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.		
Pension contributions		324,722
Pension economic experience		95,344
OPEB contributions		1,501
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.		
Pension assumptions		(13,059)
Pension (gains) losses		(99,285)
OPEB difference between assumptions and actual		(13,082)
OPEB difference in expected and actual experience		(1,722)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(35,184)
Compensated absences		(203,734)
Long term debt due within one year		(266,763)
Long term debt due in more than one year		(4,792,574)
Net pension liability		(2,062,725)
OPEB liability		(72,985)
Net Position of Governmental Activities	**$**	7,317,916

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	General	Park and Recreation Facilities Development Corp.	Capital Projects	Debt Service
Revenues				
Property tax	$ 2,400,837	$ -	$ -	$ 369,603
Sales tax	546,240	136,233	-	-
Franchise and local taxes	260,443	-	-	-
License and permits	68,007	-	-	-
Fines and forfeitures	506,357	-	-	-
Oil and gas mineral rights	70,749	-	-	-
Interest income	226,290	31,725	5,733	7,007
Intergovernmental	21,245	-	-	-
Other revenues	53,101	2,220	-	-
Total Revenues	4,153,269	170,178	5,733	376,610
Expenditures				
Current:				
Municipal court	222,262	-	-	-
Administrative	456,212	-	-	-
Police	2,044,449	-	-	-
Fire	606,076	-	-	-
Public works	299,942	-	-	-
Parks and recreation	-	123,455	-	-
Capital outlay	53,125	-	1,161,043	-
Debt Service:				
Principal	55,179	-	-	185,000
Interest and fiscal charges	8,278	-	-	177,894
Total Expenditures	3,745,523	123,455	1,161,043	362,894
Excess of Revenues Over (Under) Expenditures	407,746	46,723	(1,155,310)	13,716
Other Financing Sources (Uses)				
Lease issuance	13,414	-	-	-
Sale of capital assets	16,650	-	-	-
Transfers (out)	(1,207,266)	-	-	-
Transfers in	66,000	-	1,195,266	-
Total Other Financing (Sources)	(1,111,202)	-	1,195,266	-
Net Change in Fund Balances	(703,456)	46,723	39,956	13,716
Beginning fund balances	3,262,719	732,038	1,451,209	60,062
Ending Fund Balances	$ 2,559,263	$ 778,761	$ 1,491,165	$ 73,778

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 2,770,440
406,909	1,089,382
-	260,443
-	68,007
29,611	535,968
-	70,749
19,832	290,587
-	21,245
493	55,814
456,845	5,162,635
18,773	241,035
-	456,212
166,712	2,211,161
-	606,076
6,849	306,791
-	123,455
221,831	1,435,999
14,741	254,920
4,557	190,729
433,463	5,826,378
23,382	(663,743)
-	13,414
-	16,650
-	(1,207,266)
12,000	1,273,266
12,000	96,064
35,382	(567,679)
561,779	6,067,807
$ 597,161	$ 5,500,128

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City of Dalworthington Gardens, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	(567,679)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		1,415,938
Depreciation expense		(647,877)
Book value of capital assets disposed in the current year		(1,666)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		5,356
Oil and gas revenue		(4,145)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(32,567)
Accrued interest		2,728
Pension expense		(90,246)
OPEB expense reduction		(581)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Lease issuance		(13,414)
Principal payments		254,920
Amortization of premium		17,818
Change in Net Position of Governmental Activities	$	338,585

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2025

		Water, Sewer & Sanitation
Assets		
Current Assets:		
Cash and cash equivalents		$ 999,574
Prepaid expenses		31,110
Receivables, net		277,707
	Total Current Assets	1,308,391
Noncurrent Assets:		
Capital assets:		
Non-depreciable		109,201
Net depreciable capital assets		1,781,901
	Total Noncurrent Assets	1,891,102
	Total Assets	3,199,493
Deferred Outflows of Resources		
Pension		74,130
OPEB		265
	Total Deferred Outflows of Resources	74,395
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities		285,534
Customer deposits		87,387
Accrued interest		1,955
Compensated absences, current		13,910
	Total Current Liabilities	388,786
Noncurrent Liabilities:		
Net pension liability		364,010
OPEB liability		12,880
Compensated absences, noncurrent		2,062
	Total Noncurrent Liabilities	378,952
	Total Liabilities	767,738
Deferred Inflows of Resources		
Pension		19,828
OPEB		2,613
	Total Deferred Inflows of Resources	22,441
Net Position		
Net investment in capital assets		1,891,102
Unrestricted		592,607
	Total Net Position	$ 2,483,709

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUND

For the Year Ended September 30, 2025

	Water, Sewer & Sanitation
Operating Revenues	
Water sales	$ 1,521,372
Sewer revenue	770,709
Refuse collection	220,212
Other revenue	27,668
Total Operating Revenues	2,539,961
Operating Expenses	
Cost of water	663,066
Cost of sewer	431,201
Cost of refuse	249,382
Personnel	449,257
Material, utilities & maintenance	166,547
Contracted and other services	176,923
Depreciation	232,771
Total Operating Expenses	2,369,147
Operating Income (Loss)	170,814
Nonoperating Revenues (Expenses)	
Investment income	24,121
Interest expense	(3,069)
Total Nonoperating Revenues (Expenses)	21,052
Income (Loss) Before Capital Contributions and Transfers	191,866
Transfers (out)	(66,000)
Change in Net Position	125,866
Beginning net position, as previously stated	2,365,053
New Accounting Standard - GASB 101	(7,210)
Beginning net position, as restated	2,357,843
Ending Net Position	$ 2,483,709

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 1 of 2)

For the Year Ended September 30, 2025

	Water, Sewer & Sanitation
Cash Flows from Operating Activities	
Receipts from customers	$ 2,529,619
Payments to suppliers and contractors	(1,608,982)
Payments to employees	(433,227)
Net Cash Provided (Used) by Operating Activities	487,410
Cash Flows from Noncapital Financing Activities	
Transfers (out)	(66,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(66,000)
Cash Flows from Capital and Financing Activities	
Purchase of capital assets	(69,048)
Debt principal payments	(90,394)
Interest paid	(3,069)
Net Cash Provided (Used) by Capital and Financing Activities	(162,511)
Cash Flows from Investing Activities	
Interest on investments	24,121
Net Cash Provided by Investing Activities	24,121
Net Increase (Decrease) in Cash and Cash Equivalents	283,020
Beginning cash, & cash equivalents	716,554
Ending Cash, & Cash Equivalents	$ 999,574

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 2 of 2)

For the Year Ended September 30, 2025

	Water, Sewer & Sanitation
Reconciliation of Operating Income (Loss) to Net Cash (Used) by Operating Activities	
Operating Income (Loss)	$ 170,814
Adjustments to reconcile operating income to net cash used:	
Depreciation	232,771
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	(15,577)
Prepaid expenses	7,620
Deferred outflows of resources: OPEB	(32)
Deferred outflows of resources: Pension	41,891
Increase (Decrease) in:	
Accounts payable and accrued liabilities	70,517
Customer deposits	5,235
Net pension liability	(45,792)
OPEB liability	117
Deferred inflows of resources - OPEB	18
Deferred inflows of resources - pension	19,828
Net Cash Provided (Used) by Operating Activities	$ 487,410

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Dalworthington Gardens, Texas, Texas (the "City") was incorporated on July 19, 1949 under Title 28, Revised Civil Statutes of Texas, 1928, Chapters 1-10, as amended, relating to cities and towns. The City operates under an aldermanic form of government and provides the following services as authorized by the general laws of the State of Texas as a duly incorporated general law City and subsequent City ordinances; public safety (police and fire), highway and streets, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended component units. The City's Park and Recreation Facilities Development Corporation is governed by a board consisting of 4 City Council members and 3 non-Council member citizens. The City can appoint a voting majority of their governing board, and they approve their budget, which allows the City to impose its will over the Corporation, and requires it be treated as a component unit of the City. The component unit is blended because their governing board is substantively the same as City Council, and they have operational responsibility for the component unit. As a blended component unit, the Parks and Recreation Facility Development Corporation is reported as a special revenue fund of the City.

The Dalworthington Gardens Crime Control and Prevention District is a special purpose district that collects sales tax within its boundaries for the purpose of controlling and preventing crime. The City's Crime Control and Prevention District is governed by a board consisting of the 6 City Council members. The City can appoint a voting majority of their governing board, and they approve their budget, which allows the City to impose its will over the District, and requires it be treated as a component unit of the City. The component unit is blended because their governing board is substantively the same as City Council, and they have operational responsibility for the component unit. As a blended component unit, the Crime Control and Prevention District is reported as a special revenue fund of the City.

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Requirements of the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City's activities;
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets**—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted**—This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted**—This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipients for goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The government reports the following major governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, court, community development, police, fire, and public works.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes.

Capital Projects Fund

The capital projects fund accounts for the acquisition and construction of the government's major capital projects, other than those financed by proprietary funds.

Park and Recreation Facilities Development Corporation

This Corporation was created to implement the General Park Facilities Development Plan. This shall be done in coordination with the necessary contracting parties to research, develop, prepare, finance, and implement this plan. The primary source of revenues for this fund is sales taxes.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise fund:

Water, Sewer, & Sanitation Fund

This fund is used to account for the provision of water, sewer & garbage services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer distribution systems, water collection systems, and contract garbage services. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

D. Measurement Focus and Basis of Accounting

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net position, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as LOGIC or TexSTAR, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Obligations of the U.S. Government
- Direct obligations of the State of Texas or its agencies
- Obligations of states, agencies, counties, cities, and other political subdivisions
- Fully collateralized certificates of deposit
- No-load money market mutual funds
- Statewide investment pools

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the City. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Program Revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed

by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

6. Proprietary funds operating and nonoperating revenue and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are water, sewer, and refuse charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

7. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, water & sewer distribution lines, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as individual assets, or a group of similar items, with a cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets that are donated or received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	3 to 5 years
Furniture and office equipment	3 to 5 years
Machinery & equipment	3 to 25 years
Infrastructure	10 to 50 years
Water and sewer system	10 to 75 years
Buildings and improvements	15 to 50 years
Right-to-use assets – equipment	5 years

9. Leases

The City is a lessee for (3) three noncancellable leases of equipment and recognizes a lease liability and intangible right-to-use lease assets in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and, if applicable, the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

12. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made

about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, typically the committed fund balance is depleted first, followed by assigned fund balance, and unassigned fund balance is applied last. Council reserves the right to selectively spend from any of the categories, including unassigned based upon the individual circumstances.

13. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (City Council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

14. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances and banked compensation time gained through working overtime. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future

to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

The City accounts for vacation and sick leave in accordance with the provisions of GASB Statement No. 101, Compensated Absences.

Under GASB Statement No. 101, the City recognizes a liability for compensated absences for vacation leave that is attributable to services already rendered and for which the City has a present obligation to provide compensation through paid time off or cash settlement. Vacation leave is reported as a liability regardless of whether it is expected to be paid within one year.

Sick leave is considered a non-separation benefit and is recognized as a liability only to the extent it is probable that the leave will be used for qualifying absences and the amount can be reasonably estimated. Because unused sick leave is not paid upon separation from employment, the City does not record a liability for sick leave beyond amounts expected to be taken as paid absences in the future.

15. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable, notes payable, intangible leases, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts

and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

Assets acquired under the terms of notes payable and intangible leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum note and lease payments at inception of the note or lease. In the year of acquisition, notes payable transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Note and lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

16. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

18. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a

cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

19. Subscription Based Information Technology Arrangements ("SBITA")

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements ("SBITA"). The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of $5,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such

options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, park and recreation facility development corporation, capital projects, crime control and prevention. special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added between departments without Council approval. The budgeted revenues

and expenditures for the general fund, capital projects fund, crime control prevention fund, municipal court security fund, and municipal court automation fund were amended during the current fiscal year. The final budgeted revenues were increased compared to the original budget. The final budgeted expenditures were increased compared to the original budget. Appropriations lapse at the end of the year.

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available, or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

For the year ended, expenditures, including transfers out, exceeded appropriations at the legal level of control are as follows:

General Fund:		
Municipal court	$	5,259
Transfers (out)		8,272
Crime Control and Prevention District:		
Public safety		11,122
Interest		50
Municipal Court Security Fund		
Court		776
Street Sales Tax Fund		
Capital outlay		12,510

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.E.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City's investments in 2a7-like pools such as TexStar are included in this category. Although the City's investments in TexStar and LOGIC are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond

rating are required. The City had the following deposits considered to be cash and cash equivalents at year end:

Investment Type	Carrying Value	Weighted Average Maturity Days
TexStar investment pool	1,630,569	50
LOGIC investment pool	4,205,261	52
Total fair value	$ 5,835,830	

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed one year; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency, No-load money market mutual funds registered and regulated by the SEC and must maintain a stable net asset value of $1.00 per share, Certificates of deposits which are fully FDIC insured or collateralized from a depository institution doing business in the State of Texas, not to exceed 5 years to stated maturity, and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2025, the City's investment in TexSTAR and LOGIC was rated AAAm by Standard & Poor's.

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy

requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexSTAR

The Texas Short Term Asset Reserve Fund ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code ("ICA"), and the Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA"). TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. J.P. Morgan Investment Management Inc. ("JPMIM"), Hilltop Securities Inc. ("HTS") and Hilltop Securities Asset Management, LLC ("HSAM") serve as Administrators for TexSTAR. JPMIM provides investment management services, HTS provides marketing and distribution services and HSAM provides administrative services. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. ("JPMCB") and/or its subsidiary J.P. Morgan Investor Services Co. At September 30, 2025, the fair value of the position in TexSTAR approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexSTAR are the same as the value of TexSTAR shares.

LOGIC

Local Government Investment Cooperative ("LOGIC") was organized in May 1994 to conform with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code ("ICA"), and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code ("PFIA"). The ICA and the PFIA provide for the creation of public funds investment pools and authorize eligible governmental entities ("Participants") to invest their public funds and funds under their control through the investment pools. Only eligible local governments and agencies of the State of Texas may become Participants.

LOGIC's governing body is a five-member board of trustees ("Board") comprised of individuals who are employees, officers or elected officials of Participants in the fund or who do not have a business relationship with the Fund and are qualified to advise. A maximum of two Advisory Directors will serve in a non-voting advisory capacity to the Board. JPMIM

provides investment management services to the Board and HTS provides Participant administrative, marketing and distribution services to the Board. JPMCB and/or its subcontractors or delegates provide custodial, fund accounting, and depository services. At September 30, 2024, the fair value of the position in LOGIC approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Park & Rec. Facilities Dev. Corp.	Debt Service	Nonmajor Gov.	Water Sewer Sanitation	Total
Taxes						
Property	$ 80,308	$ -	$ 9,925	$ -	$ -	$ 90,233
Sales	93,096	23,215	-	69,389	-	185,700
Franchise	6,910	-	-	-	-	6,910
Accounts	10,046	-	-	-	390,707	400,753
Allowance	(925)	-	-	-	(113,000)	(113,925)
Total	$ 189,435	$ 23,215	$ 9,925	$ 69,389	$ 277,707	$ 569,671

C. Interfund Transactions

Transfers between the primary government funds during the current fiscal year were as follows:

Transfer In	Transfer Out	Amount	
General Fund	Enterprise Fund	$ 66,000	[1]
Nonmajor Fund	General Fund	12,000	[2]
Capital Fund	General Fund	1,195,266	[3]

[1] Enterprise fund records a nonreciprocal interfund transfer to the general fund for water/sewer ROW cost recovery.

[2] General fund transferred to the Crime Control Prevention District the proceeds from sale of vehicles.

[3] General fund transferred to capital fund for the DPS Complex.

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 291,438	$ -	$ -	$ 291,438
Construction in progress	190,456	1,229,233	(146,514)	1,273,175
Total capital assets not being depreciated	481,894	1,229,233	(146,514)	1,564,613
Capital assets, being depreciated:				
Buildings and improvements	2,438,436	-	-	2,438,436
Vehicles and equipment	3,242,336	173,291	(67,581)	3,348,046
Right-to-use leased equipment	36,698	13,414	(19,377)	30,735
Infrastructure	8,360,321	-	146,514	8,506,835
Total capital assets being depreciated	14,077,791	186,705	59,556	14,324,052
Less accumulated depreciation				
Buildings and improvements	688,523	62,106	-	750,629
Vehicles and equipment	2,141,208	254,107	(65,915)	2,329,400
Right-to-use leased equipment	29,459	5,955	(19,377)	16,037
Infrastructure	3,577,080	325,709	-	3,902,789
Total accumulated depreciation	6,436,270	647,877	(85,292)	6,998,855
Net capital assets being depreciated	7,641,521	(461,172)	144,848	7,325,197
Total capital assets	$ 8,123,415	$ 768,061	$ (1,666)	$ 8,889,810

Depreciation was charged to governmental functions as follows:

General Government	$ 64,053
Public Safety	253,747
Public Works	293,937
Parks & Recreation	36,140
Total Governmental Activities Depreciation/Amortization Expense	$ 647,877

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 109,201	$ -	$ -	$ 109,201
Total capital assets not being depreciated	109,201	-	-	109,201
Capital assets, being depreciated:				
Buildings and improvements	26,771	-	-	26,771
Water and sewer system improvements	6,392,278	-	-	6,392,278
Vehicles and equipment	288,376	69,048	-	357,424
Total capital assets being depreciated	6,707,425	69,048	-	6,776,473
Less accumulated depreciation				
Buildings and improvements	5,244	2,566	-	7,810
Water and sewer system improvements	4,536,236	202,040	-	4,738,276
Vehicles and equipment	220,321	28,165	-	248,486
Total accumulated depreciation	4,761,801	232,771	-	4,994,572
Net capital assets being depreciated	1,945,624	(163,723)	-	1,781,901
Total capital assets	$ 2,054,825	$ (163,723)	$ -	$ 1,891,102

E. Leases

On November 21, 2024, the City entered into a non-cancellable lease for copier equipment rental in the DPS building. An initial lease liability was recorded in the amount of $13,414. As of September 30, 2025, the value of the lease liability was $11,389. The City is required to make monthly principal and interest payments of $251. The lease has an interest rate of 4.65%. The equipment has a five-year estimated useful life. The netbook value of the right-to-use asset as of the end of the current fiscal year was $11,402.

On July 1, 2021, the City entered into a non-cancellable lease for copier equipment rental in the new city hall building, with deferred payments to begin on November 1, 2021. An initial lease liability was recorded in the amount of $17,321. As of September 30, 2025, the value of the lease liability was $3,725. The City is required to make monthly principal and interest payments of $326. The lease has an interest rate of 4.89%. The equipment has a five-year estimated useful life. The netbook value of the right-to-use asset as of the end of the current fiscal year was $3,296.

The annual requirements to amortize governmental activities leases payable outstanding at year end were as follows:

Year ending	Leases	
September 30,	Principal	Interest
2026	6,043	538
2027	2,647	365
2028	2,772	240
2029	2,903	109
2030	749	6
	$ 15,114	$ 1,258

F. Long-term Debt

The following is a summary of changes in the City's total governmental and business-type activities long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Combination Tax and					
Revenue Certificate of Obligation	$ 1,185,000	$ -	$ (100,000)	$ 1,085,000	$ 105,000
General Obligation Refunding &					
Improvement Bonds	2,635,000	-	(50,000)	2,585,000	50,000
General Obligation Bonds	850,000	-	(35,000)	815,000	40,000
Deferred amounts:					
For issuance premiums	282,928	-	(17,818)	265,110	-
	4,952,928	-	(202,818)	4,750,110	195,000
Other liabilities:					
Note payable	357,285	-	(63,172)	294,113	65,720
Leases	8,448	13,414	(6,748)	15,114	6,043
Total Governmental Activities	$ 5,318,661	$ 13,414	$ (272,738)	$ 5,059,337	$ 266,763
Long-term liabilities due in more than one year				$ 4,792,574	
Business-Type Activities:					
Other liabilities:					
Note payable	$ 90,394	$ -	$ (90,394)	$ -	$ -
Total Business-Type Activities	$ 90,394	$ -	$ (90,394)	$ -	$ -

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Total
Certificates of obligation:		
$1,755,000 Certificates of obligation, Series 2014, due in annual installments through 2034, interest at 2-4%	$ 1,085,000	$ 1,085,000
Total certificates of obligation	1,085,000	1,085,000
General obligation bonds:		
$3,190,000 Refunding & improvement bond, Series 2017, due in annual installments through 2042, interest at 2-4.25%	2,585,000	2,585,000
$955,000 General obligation bond, Series 2021, due in annual installments through 2041, interest at 2-4%	815,000	815,000
Total general obligation bonds	3,400,000	3,400,000
Less deferred amounts:		
Issuance premiums	265,110	265,110
Total deferred amounts	265,110	265,110
Notes payable	294,113	294,113
Leases	15,114	15,114
Total Debt	$ 5,059,337	$ 5,059,337

Total governmental capital assets acquired through notes payable had balances as of September 30, 2025 for cost, accumulated depreciation, and carrying value of $707,447, $266,816 and $440,631, respectively. Depreciation expense recognized on these assets during the year ended September 30, 2025 was $44,063.

Total business-type capital assets acquired through notes payable had balances as of September 30, 2025 for cost, accumulated depreciation, and carrying value of $414,713, $210,812, and $203,901, respectively. Depreciation expense recognized on these assets during the year ended September 30, 2025 was $41,471.

The annual requirements to amortize governmental activities debt issues outstanding at year end were as follows:

	Governmental Activities					
	General Obligation Bonds		2014 C.O. Bond		Notes payable	
Year ending September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 90,000	$ 129,269	$ 105,000	$ 40,625	$ 65,720	$ 9,464
2027	95,000	125,819	105,000	36,950	68,424	6,760
2028	95,000	122,019	110,000	33,275	52,048	3,887
2029	105,000	118,019	115,000	29,425	53,313	2,623
2030	105,000	113,819	120,000	25,400	54,608	1,327
2031	110,000	109,519	125,000	21,200	-	-
2032	115,000	105,113	130,000	16,200	-	-
2033	115,000	100,701	135,000	11,000	-	-
2034	125,000	96,097	140,000	5,600	-	-
2035	275,000	88,304	-	-	-	-
2036	285,000	77,310	-	-	-	-
2037	295,000	66,363	-	-	-	-
2038	310,000	55,413	-	-	-	-
2039	320,000	44,013	-	-	-	-
2040	330,000	31,875	-	-	-	-
2041	335,000	19,038	-	-	-	-
2042	295,000	6,269	-	-	-	-
Total	$ 3,400,000	$ 1,408,960	$ 1,085,000	$ 219,675	$ 294,113	$ 24,061

Certificate of Obligation Bond, Series 2014; due in annual installments through August 1, 2034, bearing interest ranging from 2% to 4% payable February 1 and August 1.

General Obligation Refunding & Revenue Bond, Series 2017; due in semi-annual installments through February 1, 2042, bearing interest ranging from 2.0% to 4.25% payable February 1 and August 1.

General Obligation Bond, Series 2021; due in semi-annual installments through February 1, 2041, bearing interest ranging from 2.0% to 4.00% payable February 1 and August 1.

Notes payable are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

G. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 171,167	$ 203,733	$ (171,166)	$ 203,734	$ 183,360
Total Governmental Activities	$ 171,167	$ 203,733	$ (171,166)	$ 203,734	$ 183,360
Long-term Liabilities Due in More than One Year				$ 20,374	
Business-Type Activities:					
Compensated Absences	$ 15,972	$ 15,456	$ (15,456)	$ 15,972	$ 13,910
Total Business-Type Activities	$ 15,972	$ 15,456	$ (15,456)	$ 15,972	$ 13,910
Long-term Liabilities Due in More than One Year				$ 2,062	

H. Fund Equity

The City records fund balance/net position restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of fund balances/net position restricted by law or the City and commitments made by City Council:

	Fund Balance		Net Position
	Restricted	Committed	Restricted
Parks and recreation	$ 776,502 [1]	$ -	$ 776,502
Municipal court building & security	85,500 * [1]	-	85,500
Municipal court automation	77,579 * [1]	-	77,579
Law enforcement	118,220 * [1]	-	118,220
Street repairs	310,334 [1]	-	310,334
Debt service	73,778	-	73,778
Opioid abatement trust	4,271 *	-	4,271
Capital improvements	405,907 *	-	405,907
DPS complex	-	1,085,258	-
Fire truck	-	56,427	-
Radios	-	31,114	-
TOTAL	$ 1,852,091	$ 1,172,799	$ 1,852,091

* Restricted by enabling legislation

[1] Special revenue funds

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,700 other Texas governments & political subdivisions in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past four years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does not anticipate that it will have an arbitrage liability.

D. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City of Dalworthington Gardens, Texas participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of three payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2024	Plan Year 2023
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, AnyAge/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100%
Annuity increase (to retirees)	70% of CPI Non-retroactive Repeating	70% of CPI
Supplemental death benefit to active employees	Yes	Yes
Supplemental death benefit to retirees	Yes	Yes

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	19	19
Inactive employees entitled to but not yet receiving benefits	44	40
Active employees	26	25
Total	89	84

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of

benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Dalworthington Gardens, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Dalworthington Gardens, Texas were 23.45% and 23.80% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $504,707 and were equal to the required contributions.

4. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including Inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the

December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel, Roeder, Smith & Company (GRS) focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public and Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan

investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/23	$ 12,246,906	$ 9,514,893	$ 2,732,013
Changes for the year:			
Service Cost	384,718	-	384,718
Interest (on the Total Pension Liab.)	825,454	-	825,454
Change in benefit terms	-	-	-
Difference between expected and actual experience	101,198	-	101,198
Changes of assumptions	-	-	-
Contributions – employer	-	487,392	(487,392)
Contributions – employee	-	145,490	(145,490)
Net investment income (loss)	-	990,254	(990,254)
Benefit payments, including refunds of emp. contributions	(420,638)	(420,638)	-
Administrative expense	-	(6,341)	6,341
Other changes	-	(147)	147
Net changes	890,732	1,196,010	(305,278)
Balance at 12/31/24	$ 13,137,638	$ 10,710,903	$ 2,426,735

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
$ 4,554,318	$ 2,426,735	$ 718,163

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $598,906.

The general fund and water, sewer, and sanitation fund have typically been used to liquidate pension liabilities.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic exp.	$ 112,170	$ -
Changes in assumptions		15,366
Investment gains (inflows) or losses outflows	-	116,806
Contributions subsequent to the measurement date	382,026	-
Total	$ 494,196	$ 132,172

The City reported $382,026 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended December 31:	
2025	74,896
2026	126,332
2027	(151,628)
2028	(69,602)
2029	-
Thereafter	-
Total	$ (20,002)

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	8
Active employees	26
Total	51

The City's contributions to the TMRS SDBF for the years ended 2025, 2024, and 2023 were $2,289, $1,991, and $1,742, respectively, which equaled the required contributions each year. The required contribution rates for the retiree for 2025, 2024 and 2023 was 0.11%, 0.10%, and 0.09%, respectively.

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	4.08%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate.

1% Decrease 3.08%	Current Single Rate 4.08%	1% Increase 5.08%
$ 104,343	$ 85,865	$ 71,616

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/23	**$** 85,085
Changes for the year:	
Service Cost	4,780
Interest	3,259
Difference between expected and actual experience	28
Changes of assumptions	(5,209)
Benefit payments	(2,078)
Net changes	780
Balance at 12/31/24	**$** 85,865

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $2,640.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,026
Changes in assumptions	-	15,391
Contributions after the measurement date	1,766	-
Total	**$** 1,766	**$** 17,417

The City reported $1,766 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2025	(8,211)
2026	(7,194)
2027	(1,043)
2028	(969)
2029	
Thereafter	-
	$ (17,417)

The OPEB plan is not administered through a trust, or equivalent arrangement, and there are no assets accumulated in a GASB-compliant trust.

E. Restatements

Due to implementation of new accounting standard – GASB 101, *Compensated Absences*, the City restated beginning net position for governmental activities, business-type activities, and the water, sewer & sanitation fund.

The restatement of beginning net position are as follows:

	Governmental Activities	**Business-type Activities**	**Water, Sewer & Sanitation**
Prior year ending net position, as reported	$ 7,074,368	$ 2,365,053	$ 2,365,053
New acct. standard - GASB 101	(95,037)	(7,210)	(7,210)
Restated beginning net position	$ 6,979,331	$ 2,357,843	$ 2,357,843

F. New Accounting Pronouncements

The City adopted GASB 101, *Compensated Absences* during the year. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.

The new guidance introduces three criteria for recording a liability in financial statements prepared using the economic resources measurement focus (often referred to as a "full accrual" basis). A liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (likelihood of more than 50 percent).

This standard was applied retroactively and resulted in a sick leave liability of $102,247 as of September 30, 2024

G. Subsequent Events

There were no material subsequent events through May 14, 2026, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Dalworthington Gardens, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property tax	$ 2,408,708	$ 2,408,708	$ 2,400,837	$ (7,871)
Sales tax	521,606	521,606	546,240	24,634
Franchise and local taxes	264,452	258,928	260,443	1,515
License and permits	64,355	64,355	68,007	3,652
Municipal court	427,433	427,433	506,357	78,924
Oil and gas mineral rights	36,000	36,000	70,749	34,749
Interest income	222,337	222,337	226,290	3,953
Intergovernmental	-	18,000	21,245	3,245
Other revenues	52,050	58,101	53,101	(5,000)
Total Revenues	3,996,941	4,015,468	4,153,269	137,801
Expenditures				
Current:				
Municipal court	217,003	217,003	222,262	(5,259) *
Administrative	457,057	495,060	456,212	38,848
Police	2,157,434	2,170,747	2,044,449	126,298
Fire	670,565	689,505	606,076	83,429
Public works	358,735	362,035	299,942	62,093
Capital outlay	32,762	66,720	53,125	13,595
Debt service				
Principal	58,154	57,769	55,179	2,590
Interest and fiscal charges	7,893	8,278	8,278	-
Total Expenditures	3,959,603	4,067,117	3,745,523	321,594
Other Financing Sources (Uses)	10,000			
Sale of capital assets		10,000	16,650	6,650
Lease issuance		13,414	13,414	-
Transfers in	66,000	66,000	66,000	-
Transfers (out)	(19,000)	(1,198,994)	(1,207,266)	(8,272) *
Total Other Financing Sources (Uses)	57,000	(1,109,580)	(1,111,202)	(1,622)
Net Change in Fund Balance	$ 94,338	$ (1,161,229)	(703,456)	$ 457,773
Beginning fund balance			3,262,719	
Ending Fund Balance			$ 2,559,263	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

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City of Dalworthington Gardens, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS AND RECREATION FACILITY DEVELOPMENT FUND

For the Year Ended September 30, 2025

	Original and Final Budget	Parks and Recreation Facility Development	Variance with Final Budget
Revenues			
Sales tax	$ 129,217	$ 136,233	$ 7,016
Other revenues	975	2,220	1,245
Interest income	24,000	31,725	7,725
Total Revenues	154,192	170,178	15,986
Expenditures			
Current:			
Parks and recreation	138,698	123,455	15,243
Total Expenditures	141,448	123,455	12,493
Revenues Over (Under) Expenditures	12,744	46,723	28,479
Net Change in Fund Balance	$ 12,744	46,723	$ 28,479
Beginning fund balance		732,038	
Ending Fund Balance		$ 778,761	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Dalworthington Gardens, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended December 31,

	12/31/2024	12/31/2023	12/31/2022	12/31/2021
Total pension liability				
Service cost	$ 384,718	$ 364,036	$ 331,430	$ 333,405
Interest	825,454	770,046	720,105	660,632
Change in benefit terms	-	(117,901)	-	-
Differences between expected and actual experience	101,198	199,847	230,763	255,653
Changes in assumptions	-	(62,643)	-	-
Benefit payments, including refunds of participant contributions	(420,638)	(500,910)	(380,756)	(354,474)
Net change in total pension liability	890,732	652,475	901,542	895,216
Total pension liability - beginning	12,246,906	11,594,431	10,692,889	9,797,673
Total pension liability - ending (a)	$ 13,137,638	$ 12,246,906	$ 11,594,431	$ 10,692,889
Plan fiduciary net position				
Contributions - employer	$ 487,392	$ 436,485	$ 383,894	$ 428,899
Contributions - members	145,490	139,325	126,638	129,298
Net investment income (loss)	990,254	981,519	(657,377)	1,015,120
Benefit payments, including refunds of participant contributions	(420,638)	(500,910)	(380,756)	(354,474)
Administrative expenses	(6,341)	(6,233)	(5,679)	(4,691)
Other	(147)	(44)	6,776	32
Net change in plan fiduciary net position	1,196,010	1,050,142	(526,504)	1,214,184
Plan fiduciary net position - beginning	9,514,893	8,464,751	8,991,255	7,777,071
Plan fiduciary net position - ending (b)	$ 10,710,903	$ 9,514,893	$ 8,464,751	$ 8,991,255
Fund's net pension liability (asset) - ending (a) - (b)	$ 2,426,735	$ 2,732,013	$ 3,129,680	$ 1,701,634
Plan fiduciary net position as a percentage of the total pension liability	81.53%	77.69%	73.01%	84.09%
Covered payroll	**$** 2,078,434	**$** 1,990,358	**$** 1,809,116	**$** 1,847,113
Fund's net position as a percentage of covered payroll	116.76%	137.26%	172.99%	92.12%

12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
$ 336,573	$ 296,220	$ 266,612	$ 265,078	$ 282,630	$ 277,028
622,439	578,828	586,613	553,489	525,093	513,667
-	-	-	-	-	-
(45,950)	42,318	(608,873)	25,994	(60,072)	(94,934)
-	51,678	-	-	-	18,672
(336,841)	(349,415)	(399,577)	(309,626)	(326,752)	(225,598)
576,221	619,629	(155,225)	534,935	420,899	488,835
9,221,452	8,601,823	8,757,048	8,222,113	7,801,214	7,312,379
$ 9,797,673	$ 9,221,452	$ 8,601,823	$ 8,757,048	$ 8,222,113	$ 7,801,214
$ 365,287	$ 340,726	$ 327,290	$ 345,843	$ 355,310	$ 354,059
121,821	111,661	108,631	109,991	113,311	110,496
538,835	937,288	(186,186)	739,082	328,786	6,820
(336,841)	(349,415)	(399,577)	(309,626)	(326,752)	(225,598)
(3,483)	(5,291)	(3,595)	(3,828)	(3,711)	(4,153)
(136)	(159)	(188)	(194)	(200)	(205)
685,483	1,034,810	(153,625)	881,268	466,744	241,419
7,091,588	6,056,778	6,210,403	5,329,135	4,862,391	4,620,972
$ 7,777,071	$ 7,091,588	$ 6,056,778	$ 6,210,403	$ 5,329,135	$ 4,862,391
$ 2,020,602	$ 2,129,864	$ 2,545,045	$ 2,546,645	$ 2,892,978	$ 2,938,823
79.38%	76.90%	70.41%	70.92%	64.81%	62.33%
$ 1,740,294	**$** 1,595,158	$ 1,551,874	$ 1,571,297	$ 1,618,726	$ 1,578,510
116.11%	133.52%	164.00%	162.07%	178.72%	186.18%

City of Dalworthington Gardens, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

For the Years Ended:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer contributions	$ 504,707	$ 482,920	$ 432,903	$ 401,849
Contributions in relation to the actuarially determined contribution	504,707	482,920	$ 432,903	$ 401,849
Contribution deficiency (excess)	-	-	-	-
Annual covered payroll	$ 2,128,313	$ 2,039,690	$ 1,989,691	$ 1,844,773
Employer contributions as a percentage of covered payroll	23.71%	23.68%	21.76%	21.78%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	There were no benefit changes during the year.

9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
$ 416,081	$ 357,853	$ 329,285	$ 331,898	$ 350,145	$ 346,656
416,081	$ 357,853	$ 329,285	$ 331,898	$ 350,145	$ 346,656
-	-	-	-	-	-
$ 1,841,226	$ 1,696,592	$ 1,546,926	$ 1,555,187	$ 1,592,059	$ 1,569,560
22.60%	21.09%	21.29%	21.34%	21.99%	22.09%

City of Dalworthington Gardens, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Year Ended December 31,

	[1] 2024	2023	2022	2021
Total OPEB liability				
Service cost	$ 4,780	$ 3,583	$ 7,236	$ 6,650
Interest	3,259	3,228	2,251	2,239
Changes of assumptions	(5,209)	5,207	(49,725)	4,430
Differences in expected and actual experience	28	(3,950)	1,068	(1,853)
Benefit payments, including refunds of participant contributions	(2,078)	(1,791)	(1,447)	(1,293)
Net changes	780	6,277	(40,617)	10,173
Total OPEB liability - beginning	85,085	78,808	119,425	109,252
Total OPEB liability - ending (a)	$ 85,865	$ 85,085	$ 78,808	$ 119,425
Covered-employee payroll	$ 2,078,434	$ 1,990,358	$ 1,809,116	$ 1,847,113
Total OPEB Liability as a percentage of covered-employee payroll	4.13%	4.27%	4.36%	6.47%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

2020	2019	2018	2017
$ 5,395	$ 3,350	$ 2,638	$ 2,200
2,311	2,338	2,424	2,349
17,667	14,500	(5,439)	6,623
2,812	300	(9,789)	-
(522)	(479)	(310)	(314)
27,663	20,009	(10,476)	10,858
81,589	61,580	72,056	61,198
$ 109,252	$ 81,589	$ 61,580	$ 72,056
$ 1,740,294	$ 1,595,158	$ 1,551,874	$ 1,571,297
6.28%	5.11%	3.97%	4.59%

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OTHER SUPPLEMENTARY INFORMATION

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City of Dalworthington Gardens, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2025

	Original & Final Budget	Debt Service	Variance with Final Budget
Revenues			
Property tax	$ 374,964	$ 369,603	$ (5,361)
Interest income	8,725	7,007	(1,718)
Total Revenues	383,689	376,610	(7,079)
Expenditures			
Current:			
Debt service			
Principal	185,000	185,000	-
Interest and fiscal charges	178,394	177,894	500
Total Expenditures	363,394	362,894	500
Revenues Over (Under) Expenditures	20,295	13,716	(6,579)
Net Change in Fund Balance	$ 20,295	13,716	$ (6,579)
Beginning fund balance		60,062	
Ending Fund Balance		$ 73,778	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Dalworthington Gardens, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Capital Projects	Variance with Final Budget
Revenues				
Interest income	$ 4,000	$ 4,000	$ 5,733	$ 1,733
Total Revenues	4,000	4,000	5,733	1,733
Expenditures				
Current:				
Capital outlay	1,451,124	1,451,124	1,161,043	290,081
Total Expenditures	1,451,124	1,451,124	1,161,043	290,081
Revenues Over (Under) Expenditures	(1,447,124)	(1,447,124)	(1,155,310)	291,814
Other Financing Sources (Uses)				
Transfers in	9,000	1,211,785	1,195,266	(16,519)
Total Other Financing Sources (Uses)	9,000	1,211,785	1,195,266	(16,519)
Net Change in Fund Balance	$ (1,438,124)	$ (235,339)	39,956	$ 275,295
Beginning fund balance			1,451,209	
Ending Fund Balance			$ 1,491,165	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Dalworthington Gardens, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CRIME CONTROL AND PREVENTION DISTRICT

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Crime Control and Prevention	Variance with Final Budget
Revenues				
Sales tax	$ 254,355	$ 254,355	$ 270,676	$ 16,321
Interest income	3,205	3,205	3,687	482
Total Revenues	257,560	257,560	274,363	16,803
Expenditures				
Current:				
Public safety	152,540	155,590	166,712	(11,122) *
Capital outlay	90,000	180,000	153,641	26,359
Debt Service:				
Principal	14,741	14,741	14,741	-
Interest	4,507	4,507	4,557	(50) *
Total Expenditures	261,788	354,838	339,651	15,187
Revenues Over (Under) Expenditures	(4,228)	(97,278)	(65,288)	31,990
Other Financing Sources (Uses)				
Transfers in	10,000	10,000	12,000	2,000
Total Other Financing (Sources)	10,000	10,000	12,000	2,000
Net Change in Fund Balance	$ 5,772	$ (87,278)	(53,288)	$ 33,990
Beginning fund balance			168,251	
Ending Fund Balance			$ 114,963	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

City of Dalworthington Gardens, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MUNICIPAL COURT SECURITY FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Muni. Court Security	Variance with Final Budget	
Revenues					
Fines and forfeitures	$ 14,000	$ 14,000	$ 9,319	$ (4,681)	
Interest income	720	720	2,098	1,378	
Total Revenues	14,720	14,720	11,417	(3,303)	
Expenditures					
Current:					
Court	100	100	876	(776)	*
Total Expenditures	100	100	876	(776)	
Revenues Over (Under) Expenditures	14,620	14,620	10,541	(4,079)	
Net Change in Fund Balance	$ 14,620	$ 14,620	10,541	$ (4,079)	
Beginning fund balance			63,545		
Ending Fund Balance			$ 74,086		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

City of Dalworthington Gardens, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MUNICIPAL COURT AUTOMATION FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Muni. Court Automation	Variance with Final Budget
Revenues				
Fines and forfeitures	$ 12,000	$ 12,000	$ 8,920	$ (3,080)
Interest income	900	900	2,282	1,382
Total Revenues	12,900	12,900	11,202	(1,698)
Expenditures				
Current:				
Court	22,122	23,562	17,897	5,665
Capital outlay	21,125	21,125	-	21,125
Total Expenditures	43,247	44,687	17,897	26,790
Revenues Over (Under) Expenditures	(30,347)	(31,787)	(6,695)	25,092
Net Change in Fund Balance	$ (30,347)	$ (31,787)	(6,695)	$ 25,092
Beginning fund balance			88,397	
Ending Fund Balance			$ 81,702	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Dalworthington Gardens, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET SALES TAX FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Street Sales Tax	Variance with Final Budget
Revenues				
Sales tax	$ 129,217	$ 129,217	$ 136,233	$ 7,016
Interest income	10,800	10,800	11,723	923
Total Revenues	140,017	140,017	147,956	7,939
Expenditures				
Current:				
Public works	50,000	50,000	6,849	43,151
Capital Outlay	-	55,680	68,190	(12,510) *
Total Expenditures	50,000	105,680	75,039	30,641
Revenues Over (Under) Expenditures	90,017	34,337	72,917	38,580
Net Change in Fund Balance	$ 90,017	$ 34,337	72,917	$ 38,580
Beginning fund balance			237,417	
Ending Fund Balance			$ 310,334	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

City of Dalworthington Gardens, Texas

SCHEDULE OF SERVICES AND RATES

For the Year Ended September 30, 2025

(Unaudited)

1. Services provided by the City: Retail Water & Sewer

   Garbage and Household Hazardous Waste (HHW) provided by 3rd party and billed by the City.

2. Retail water rates based on 5/8 x 3/4" meter
   Most prevalent type of meter: 5/8 x 3/4"

Water:	Minimum Charge	Minimum Usage	Maximum Gallons	Flat Rate (Y/N)	Rate per 1k gallons > min
Residential	$22.70	-	N/A	Y	$5.60
Commercial	$50.10	-	N/A	Y	$5.60
Sewer:					
Residential	$21.10	-	13,000	Y	$4.65
Commercial	$50.20	-	N/A	Y	$4.65

City employs winter averaging for sewer usage? No

Total charges per 10,000 gallons of residential usage:	Water	Sewer
	$79	$68

Monthly Rate	Garbage	HHW
Residential	$18.52	$0.92
Commercial hand-collect	$24.59	N/A

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into system:	216,538
Billed gallons to customers and flushing gallons:	212,282
Water accountability ratio:	98.0%

4. Retail water connections within the City as of the fiscal year end.

Meter Size	Total Connections	Active Connections
5/8" x 3/4"	631	611
1"	392	386
1 1/2"	29	29
2"	34	32
Total Water Connections	1,086	1,058

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

MUNICIPAL COURT SECURITY FUND

The Municipal Court Security Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for municipal court security.

MUNICIPAL COURT AUTOMATION FUND

The Municipal Court Automation Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for municipal court automation.

PUBLIC SAFETY SEIZURES FUND

The Public Safety Seizures Fund accounts for police seizures that are still involved in the court system.

CRIME CONTROL AND PREVENTION DISTRICT FUND

This is a special purpose district that collects sales tax within its boundaries for the purpose of controlling and preventing crime.

STREET SALES TAX FUND

The Street Sales Tax Fund accounts for the proceeds of 1/4% sales tax to be used for street repair projects.

CONS MC BUILD & SEC TECH FUNDS

The Municipal Court Building and Security Technology Funds accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for municipal court building and security technology.

City of Dalworthington Gardens, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2025

	Municipal Court Security	Municipal Court Automation	Public Safety Seizures	Crime Control & Prevention
Assets				
Cash and cash equivalents	$ 74,086	$ 78,156	$ 4,662	$ 72,248
Receivables, net	-	-	-	46,174
Prepaid items	-	4,123	-	1,405
Total Assets	$ 74,086	$ 82,279	$ 4,662	$ 119,827
Liabilities				
Accounts payable and accrued liabilities	-	577	-	4,864
Total Liabilities	-	577	-	4,864
Fund Balances				
Nonspendable	-	4,123	-	1,405
Restricted	74,086	77,579	4,662	113,558
Total Fund Balances	74,086	81,702	4,662	114,963
Total Liabilities and Fund Balances	$ 74,086	$ 82,279	$ 4,662	$ 119,827

Street Sales Tax	Cons MC Build/SecTech	Total
$ 288,380	$ 11,414	$ 528,946
23,215	-	69,389
-	-	5,528
$ 311,595	$ 11,414	$ 603,863
1,261	-	6,702
1,261	-	6,702
-	-	5,528
310,334	11,414	591,633
310,334	11,414	597,161
$ 311,595	$ 11,414	$ 603,863

City of Dalworthington Gardens, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Municipal Court Security	Municipal Court Automation	Public Safety Seizures	Crime Control & Prevention
Revenues				
Sales tax	$ -	$ -	$ -	$ 270,676
Fines and forfeitures	9,319	8,920	-	-
Interest income	2,098	2,282	-	3,687
Other income	-	-	493	-
Total Revenues	11,417	11,202	493	274,363
Expenditures				
Current:				
Court	876	17,897	-	-
Public safety	-	-	-	166,712
Public works	-	-	-	-
Capital outlay	-	-	-	153,641
Debt service:				
Principal	-	-	-	14,741
Interest	-	-	-	4,557
Total Expenditures	876	17,897	-	339,651
Other Financing Sources (Uses)				
Transfers in	-	-	-	12,000
Total Other Financing Sources (Uses)	-	-	-	12,000
Net Change in Fund Balances	10,541	(6,695)	493	(53,288)
Beginning fund balances	63,545	88,397	4,169	168,251
Ending Fund Balances	$ 74,086	$ 81,702	$ 4,662	$ 114,963

Street Sales Tax	Cons MC Build/SecTech	Total
$ 136,233	$ -	$ 406,909
-	11,372	29,611
11,723	42	19,832
-	-	493
147,956	11,414	456,845
-	-	18,773
-	-	166,712
6,849	-	6,849
68,190	-	221,831
-	-	14,741
-	-	4,557
75,039	-	433,463
-	-	12,000
-	-	12,000
72,917	11,414	35,382
237,417	-	561,779
$ 310,334	$ 11,414	$ 597,161

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